

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

~~SECRET~~

8 June 1954

2003

MEMORANDUM FOR: J. D. Esterline

SUBJECT: Report of Transfer of Guatemalan Funds to Credit Czech.

1. The exchange rate of the Swiss Franc is 24.3¢. Twenty million Swiss Francs therefore is equal to \$4,860,000.

2. Normal Guatemalan trade with the bloc amounted to \$400,000 in 1952 and \$500,000 during 1953, and during 1953 Czechoslovakia supplied \$400,000 worth of goods to Guatemala. The reported transfer of funds, amounting to more than 10 times the normal reported trade, undoubtedly is connected with some special deal, and of course the first thought is that it was in payment for the recent shipment of arms to Guatemala.

3. It is just possible that this financial transaction is related to some deal that has not yet been completed, rather than to the Alfhem delivery of arms. It may be worth alerting ECD to this possibility.

4. There is no indication that any connection was seen by the persons in ECD who saw this report between the information in the report of the financial transaction and possible arms shipments. It may be possible for ECD to get more lines of intelligence bearing upon the Guatemalan problems if the staff there were alerted to watch for possible indications of Guatemalan arms deals.

5. Guatemala holds a gold reserve of over \$27,000,000, of which \$23,000,000 is held on earmark with the Federal Reserve Bank of New York. Seventy per cent of Guatemalan short term credits of \$26,300,000 are held in the Foreign Department of the Federal Reserve Bank of New York. Business and individuals also hold about \$20,000,000 short term assets of Guatemala, most of which would clear through New York banks. This accounts for a great preponderance of the financial business of Guatemala. Since any future large transfer is likely to originate in or be placed through US financial institutions, a special watch over Guatemalan large transfers of funds, if not already instituted, may provide additional intelligence tips.

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